

Minutes Of The Board Of Trustees
City Of Cincinnati
Retirement System
August 4, 2005

The Chairman called the meeting to order at 1:30 p.m. with the following members present:

V. Daniel Radford, Chairman
William Moller, Secretary
Michael Rachford
Joe Harrison
Brian Pickering
Ely Ryder

Mr. Elliott Ruther, proxy for Councilmember John Cranley, arrived at approximately 1:45 p.m.

Members Absent

Mayor Charlie Luken
Valerie Lemmie, City Manager
Marijane Klug

The Chairman called for a motion to approve the minutes of the July 7, 2005 Board Meeting. The motion was made by Mr. Pickering, seconded by Mr. Rachford and carried by the Board. The minutes were approved as prepared by the Secretary.

BENEFITS COMMITTEE

Mr. Pickering reported that the Benefits Committee met on August 3 at 2:00 p.m. Mr. Pickering presented the following report to the Board.

1. Application for Ordinary Retirement August 13, 2005: Total – 17

NO.	NAME	DEPARTMENT
40860	Patrick Tierney	Water Works
41583	Karen Gillespie	University Hospital
42017	A. Samuel George	MSD
42428	Vaudine Long	Police
43290	Antoinette Selvey-Maddox	City Manager's Office
43524	Connie Huber	Public Services
43560	Nancy Stockhauser	Finance
43590	George Vila	MSD
45519	Alma Jones	MSD
47897	Becky Gannaway	Health
48554	John Henges	MSD
49146	Diane Smith	Health
50883	Richard Smith	Transportation & Engineering
50883	Carl Burgess	Recreation
51723	Patricia Cummings	Parks
51762	William Abernathy	MSD
57660	James Davis	Health

2. Application for Retired Members Deaths: Total – 9

3. Application for Ordinary Death Benefit: Total - 1

NO.	NAME	DEPARTMENT
55363	Joyce Fitzpatrick	Police

4. Application for Accidental Disability Retirement: Total - 1

NO.	NAME	DEPARTMENT
54362	James Nelson	Public Services

Mr. Pickering moved that the Board accept the report of the Benefits Committee. The motion was seconded by Mr. Rachford and carried by the Board.

INVESTMENT COMMITTEE

Mr. Moller reported that the Investment Committee did not meet in July. Mr. Moller did comment that the Investment Committee would be meeting the following day at the normal meeting time. He encouraged Board members to attend that meeting as representatives from Ariel Capital (the CRS's small/mid-cap value manager) and hedge fund manager LBR Group would be making presentations to the Committee.

SECRETARY'S REPORT

Mr. Moller reported that the asset value of the fund was \$2.37 billion as of June 30 2005, a decrease of about 1.1% year-to-date. Over the past twelve-month period, total assets have increased by 2.5%. Mr. Moller also reported that investment returns of the total

fund were 1.3% in the 2nd quarter of 2005 and 8.0% over the past twelve months. Mr. Moller also reported that the asset allocations are all within their target ranges.

The Secretary submitted the following report:

1. Resolution for Enrollment of New Members – Total: 195
2. Resolution for Return of Contributions & Death Benefits–
3. Total: 45 Amount: \$146,026.15
4. Resolution for Loans to Members – Total 57 Amount: \$595,046.94
5. Report on Deaths of Pensioned Members – Total: 12

The Secretary submitted the following vouchers for payment:

PAYEE	AMOUNT
Finance Accounts & Audits – Billing for medical insurance 2 nd Qtr. 2005	\$11,014.30
All Star Personnel Inc. – Temporary Personnel Services	\$2,222.39
Paul T. Hogya, MD – Billing for Disability Examinations	\$2,170.00
City of Cincinnati Printing Services – Billing for Printing & Postage Charges	\$3,750.57
ABS Business Products, Inc. – Monthly Rental Base Rate for Copier	\$185.38
City of Cincinnati Treasurer – Reimbursement of Pension Payroll Reconciliation May 2005	\$2,821.23
Paul T. Hogya, MD – Billing for Disability Examinations	\$1,340.00
William Moller – Reimbursement for Per Diem during conference June 24, 2005	\$19.45
V. Daniel Radford – Reimbursement for Conference expenses incurred June 25-30, 2005	\$1,832.60
Business Information Solutions, Inc. – Storage of CRS files	\$73.92
City of Cincinnati Finance Director's Office – Reimbursement of Services performed by the Finance Director for Retirement and Reimbursement of expenses incurred at the 98 th Annual GFOA Conference	\$10,717.31
Mae Consulting Inc. – Professional Services Rendered	\$40.00
City of Cincinnati Communications Technology Services – Billing for telephone services incurred January – June 2005	\$1,989.00
All Star Personnel Inc. – Temporary Personnel Services	\$628.13
Institute for Fiduciary Education – Registration fee for V. Daniel Radford for the Market Makers 2005 Conference	\$395.00
Helen Stath – Reimbursement for unclaimed pension payroll funds 1/2/02	\$288.70
Mercer Human Resource Consulting – Professional Services Rendered	\$22,377.00
All Star Personnel Inc. – Temporary Personnel Services	\$1,727.13
Parman Group Inc. – Disability Evaluations	\$729.40
All Star Personnel Inc. – Temporary Personnel Services	\$851.92
City of Cincinnati Printing Services – Billing for Postage & Printing Charges	\$2,609.08
City of Cincinnati Accounts & Audits – 2 nd Qtr 2005 Cincy Billing	\$20,956.11
OPERS – Reciprocity Transfer of Prior Service Credit for John Sellet	\$16,054.88

The Secretary reported that at the close of business July 31, 2005, there was in the Treasury to the credit of the Retirement System the amount of \$1,156,159.97.

Asset Valuation:

- December 31, 2004: \$2.40 billion
- May 31, 2005: \$2.36 billion
- YTD Increase (Decrease): (1.46%)

Current Asset Allocation: (Policy Objective)

- Domestic Equity: 49.7% (50%)
- International: 13.5% (13.5%)
- Fixed Income: 33.2% (33.5%)
- Alternative Assets/Treasury Cash: 3.6% (3%)

PENDING BUSINESS

Worldcom Settlement: Mr. Sid Liebesman from Grant Eisenhofer was on hand to provide the Board with an update on a proposed settlement in the Worldcom suit. Because the terms of the proposed settlement require the information to be kept confidential, the Board was required to go into an executive session to discuss the proposed settlement. Mr. Radford moved, and Mr. Moller seconded the motion, that the Board go into executive session in order to discuss the Worldcom settlement with Mr. Liebesman. The motion passed unanimously. Upon completing the discussion, Mr. Moller moved and Mr. Radford seconded the motion that the Board come out of executive session. The motion passed unanimously.

Asset/Liability Study: Mr. Moller reported that a very important Board meeting will be held on September 1, 2005 at the Marriott Kingsgate Conference Center. The meeting will begin at 12:30 p.m. and is expected to last most of the afternoon. Mr. Bob McCrory of EFI Actuarial Consulting will be on hand to present an updated liability model. Mr. Neil Rue of PCA Investment Consulting will be on hand to discuss the asset allocation model.

Due to the length of the September 1, 2005 Board meeting, Mr. Moller indicated that the September Investment Committee meeting that would normally be held the following day would be cancelled.

Medicare Part D Update: Mr. Moller reported that the 1st notification from the CRS regarding the Medicare Part D (prescription drug coverage) has just been mailed. This notification has been sent to retirees who are age 64 and over. A 2nd notification with much more detail will be mailed by the CRS in September.

Strategic Plan: Mr. Pickering reported that he is still in the process of obtaining strategic plan information from the other Ohio funds. Once he obtains all the information, he will prepare an information package for all the Board members.

Fund Manager Fee Reduction Letter: The retirement staff reported that a letter from the Board Chairman was sent in mid-July to all CRS investment managers requesting a

reduction of 15% to 20% in their management fees. At this time, about half the managers had responded to the letters. Of these managers, about half said they would be willing to work with the CRS in reducing their fee structure. The other half indicated that they could not reduce fees due to “most favored nation” clauses that are included in their contracts with other clients.

ADJOURNMENT

Upon request of the Chairman for a motion to adjourn, the motion was made by Mr. Moller, seconded by Mr. Rachford, and carried by the Board. The meeting was adjourned at approximately 2:30 p.m.